

Hello Neighbor,

It took awhile, but here is the rest of the summary for the May 19th PSWID meeting. Part 1 addressed the financial discussions that took place at that meeting. This Part 2 addresses the non-financial topics that were discussed.

May 19, 2011 PSWID Meeting, Part 2

1. New District Manager: Mr. Brad Cole
 - a. The new District Manager being provided by CH2M Hill, Mr. Brad Cole, was introduced at the meeting. The prior District Manager, Mr. Danny Stevens, and his wife decided to return to Texas. If you happen to meet Mr. Cole, please give him a warm welcome to the community.
 - b. Mr. Cole stated that he has 20 years of experience in the water industry. The first eight years were spent in a wide variety of roles, from meter reader to customer service representative to performing repairs in the field. The last 12 years have been in supervisory roles, culminating as General Manager and Director of Operations for a 100,000 customer water system. All of those years of experience were with American Water Works Co., until being laid off a year ago. Mr. Cole has an MBA with an emphasis on Information Technology Management. Mr. Cole has a Grade 4 distribution and Grade 3 water treatment operator certifications.
 - c. To date, Mr. Cole has been posting monthly reports on the status of operations. They can be found on the PSWID website: www.pswid.org. The highlights of the report for May are:
 - i. CH2M HILL OMI (“CH2M”) has implemented a vigorous safety training program. There have been no lost-time accidents or injuries in the current fiscal year. All District staff recently completed CPR and first aid training.
 - ii. By taking advantage of CH2M’s global purchasing power, the District has been able to save as much as 50% on some of the items regularly purchased by the District.
 - iii. There have been no significant unplanned service interruptions since December 1, 2010 when CH2M began operating the water.
 - iv. All the Water Sharing Agreements, except for one, have been extended and increased by a percentage based on the CPI.
 - v. To improve system reliability and operational efficiency this year four booster stations were upgraded with dual pumps and variable frequency drives as well as improvements to the booster station’s buildings.
 - vi. Milk Ranch Well #1 – The Approval to Construct (ATC) was received from the Arizona Department of Environmental Quality on May 16, 2011. This ATC allows the PSWID to construct the Milk Ranch well facilities. It is anticipated that this project will be complete during the summer of 2011.
 - vii. Milk Ranch Well #2 – Following the competitive bidding process, the well drilling contract was awarded to Aero Pump & Drilling. The contractor will apply for the drilling permit and begin drilling this well once the

permit is received. It is anticipated that this project will conclude in mid to late summer. Easements have been obtained from an adjacent property owner to provide the District with the ability to connect the Milk Ranch Well #2 to the 20,000 gallon tank being constructed at the Milk Ranch Well #1 location. These easements will also provide the District with an opportunity to access a previously landlocked District owned property and a possible third deep well location in that area.

- viii. Comment: The adjacent property owner that provided the easement was Mr. Jim Richey. As you may recall, Mr. Richey was one of the four prior board members that was recalled. He was subjected to repeated malicious attacks on his character by Mr. Pugel and his surrogates. Despite all of the false claims that were made about him, he put the community first and provided the easements to PSWID at no cost.
- ix. Generators – Next year the District will be installing 13 backup generators at booster stations to improve system reliability during periods of inclement weather and other power supply shortages.
- x. Meter Replacements – The District will be initiating a meter replacement program to replace all its aging meters over a period of years. This will improve both billing accuracy and reduce the amount of non-revenue water (unaccounted for water).

2. New Rules on Impact Fees

- a. There is a change in Arizona law governing the collection and use of impact fees by PSWID that goes into effect on January 1, 2012.
 - i. Requires impact fees be held in a separate account
 - ii. Must file a formal plan that is available for public inspection on how the impact fees are to be used before imposing/modifying impact fees.
 - iii. Impact fee funds cannot be used for anything that is existing. Impact fees cannot be used for operations costs.
 - iv. If impact fees are not used within 5 years, they must be returned with interest.

3. Stetson Well Sharing Agreement

- a. The board voted to cancel the water sharing agreement for the Stetson well. This well only served one customer, the owner of the well. Easement problems have kept the well from being hooked into the water system. Mr. Cole indicated that the well sometimes costs the district more than it takes in.

4. Pine Creek Canyon Road Project

- a. The planned Gila County road work for Pine Creek Canyon Rd will result in a ditch on the west side of the road that exposes the current 6" water main. PSWID is planning to move the main to the east side of the road and upgrade the main to 8" with a better quality pipe.
- b. PSWID is responsible for doing the engineering and the costs of making those changes, but they hope to combine that work with Gila County's and have it bid as one project.
- c. There was some discussion of whether it was useful to have an 8" main in the middle of 6" mains. No conclusion reached in the meeting.

- d. Board asked that an investigation be made into whether water flow would be sufficient to add a fire hydrant.
- e. Note: Since this meeting, Gila County has postponed the road work until next spring.
- f. Board voted to pay Verde Engineering \$12,200 to perform the engineering work for the PSWID changes.

This email is from the group Water For Pine Strawberry. We will be sending out an email after each of the PSWID meetings with a summary of what the board did, additional facts that are relevant to what went on, and some commentary. Please forward this email to friends and neighbors that are interested in the local water issues. If you would like to be added to or removed from the list for these emails, please reply to WaterForPineStrawberry@hotmail.com. Emails on earlier meetings are available on our website: www.WaterForPineStrawberry.com .

Water For Pine Strawberry is a group of residents who are concerned about the community's water issues and how they can best be resolved. Visit our web site, www.WaterForPineStrawberry.com, for more information. The website for PSWID is www.pswid.org .

Clarifications can be submitted by anyone who is explicitly named, implicitly identifiable, or a board member to items in this email. Clarifications will be posted on our website. We reserve the right to post a response. Clarifications must deal with the topics discussed in the email that relate to the individual or the board. They must be in family friendly language and be non-abusive. When the clarification is accepted, it will be posted to the website and notice of that posting will be added to the next email.